

FLOOR STATEMENT - SENATOR CANNON

Report No. 387

Calendar No. 363

H.R. 5555 - INCREASING THE RATES OF BASIC PAY FOR
MEMBERS OF THE UNIFORMED SERVICES AND FOR OTHER
PURPOSES

Mr. President, I move that the Senate proceed with the immediate consideration of H.R. 5555, the Military Pay Act of 1963.

PURPOSE OF THE BILL

Mr. President, the purposes of this military pay legislation, which will involve an additional annual cost of approximately \$1,227,000,000, are three-fold. First, to improve the attraction and retention of service members for career military service by providing increased basic pay with the larger percentage increases at points of retention; second, to correct certain inequities in the military compensation system; and third, to provide as a permanent statutory matter an equitable basis for adjusting retired pay for members after retirement, based on cost-of-living increases applicable to all retired personnel.

PRELIMINARY REMARKS

Unanimous Report

Mr. President, before discussing the details of this legislation, I would like to make several preliminary observations.

First, this bill as reported received the unanimous approval of both the Subcommittee and the full Committee on Armed Services. I would like to particularly recognize the efforts of Senator Saltonstall, who is unable to be here today because of his trip to Moscow in connection with the signing of the test ban treaty. As ranking minority member of both the Subcommittee and the full Committee, his long experience and able assistance were instrumental in shaping the bill in its present form.

Review of Military Compensation

Except for the increase in quarters allowances enacted in 1962, military compensation has not been increased since 1958. In view of the increases received by civilian government workers and by those in the civilian economy generally during this time period, military increases have not kept pace. It might be observed, however, that when the longer time period, commencing with 1952 is considered together with the increases in this bill, the overall increases compare favorably with the percentage increases authorized for civilian workers. Tables on this matter are set out in the appendix to the report.

The Department of Defense has stated that a procedure has been established within the Department for maintaining a continual review of the military compensation system

and making such recommendations as may be necessary to the Congress.

The Committee, as noted in the report, is glad to observe this new procedure. The Department of Defense and our military personnel may be sure that due consideration will be given to any recommendations that may be submitted. There should be no implication that the Committee intends that any particular formula be established for increasing military pay. The principal purpose of compensation changes must be to attract and maintain a suitable career force by granting reasonable increases. In our complex military organization pay structure, the approach may be different from one pay bill to the next depending on the circumstances and problems involved.

MILITARY RETENTION PROBLEM

Officer Retention Problem

Mr. President, the critical officer retention problem now confronting the military forces results from the inadequate number of junior officers who are seeking a career status beyond the period of their initial obligated service. In order to maintain the present required force levels, from 11 to 13 thousand officers must be retained in all the services annually beyond the points when they have completed their obligated service. Under existing conditions, the services must accept most of those who apply with the result that only a minimum level of quality control can be maintained.

Enlisted Retention Problem

In the enlisted area, the most critical retention problem is the retaining of enlisted men in essential skills beyond the period of their initial service. In some of the critical skill areas, the Department of Defense would desire that the career ratio, that is, those serving beyond their initial term of enlistment, be about 60%. These ratios actually average about 40%. The cost of technical training is now about \$1 billion a year in the Department of Defense. An increase in the retention of these critical skills should, therefore, serve to reduce the cost and increase efficiency by raising the experience level.

I should observe, Mr. President, that the Congress in 1958 authorized a system of enlisted proficiency pay under which the Department of Defense at its discretion could grant additional compensation up to \$150 a month in order to meet the critical shortage. As of the present time, proficiency pay is granted only in the amounts of \$30 and \$60 per month. The Department of Defense has advised that plans are being considered for increasing these rates up to \$100 a month. It should be observed, therefore, that in addition to the increases in basic pay authorized under this bill, the Department of Defense presently has legislative authority to grant additional increases to meet the critical skills retention problem.

DISCUSSION OF DETAILS OF BILL AS AMENDED

Mr. President, we now come to the basic question of how the bill attempts to carry out the three-fold purposes I have enumerated. As a part of my discussion of the principal features of the bill, I will include the major amendments recommended by the Senate Committee.

INCREASES IN BASIC PAY

Increases for certain grades with under 2 years of service

Mr. President, military personnel with less than 2 years of service are those who are filling some sort of obligated service. The basic pay for the under-two-year group in all grades has not been increased since 1952, when a 4½% increase was enacted. The House bill provided for no increase in any of these grades in the under-two-year bracket. The Senate Committee feels an increase is justified for certain grades and recommends an increase of about 5½% for the E-4 and E-5, and from 8.9% to 12.5% for commissioned officers. The approximate increases would be as follows:

For the E-4, a \$7 monthly increase for a total basic pay of \$129;

For the E-5, an \$8 monthly increase for a total basic pay of \$153;

For the O-1, second lieutenant, a \$20 monthly increase for a total basic pay of \$242;

For the O-2, first lieutenant, a \$30 monthly increase, for a monthly basic pay of \$289;

For the O-3, captain, a \$40 monthly increase for a total basic pay of \$366;

For the O-4, major, of whom there are only 20 in all of the armed forces, a \$50 monthly increase, for a total basic pay of \$450.

The basic pay for the enlisted grades E-3 and below are not increased. Such personnel are generally in a training status during the initial 2-year period. Those in the higher enlisted grades for the most part are carrying out the duties for their rank, and, as we know, young officers are assigned to various duties either immediately or following a short orientation course.

Increases over 2-years of service - Officers

Mr. President, I now come to what is probably the most significant portion of this bill, which concerns the increases in basic pay for personnel with over 2 years of service. Generally, for officers the average increase is 12.8% with the average increase by rank as follows:

For general officers there is authorized a 5% increase and for the O-6 (colonel) grade a 10% increase. It might be noted that in the 1958 Pay Act, the highest percentage increases authorized were for the general officer grades ranging from 29% to 33%, and for the O-6 (colonel) a 20% increase in basic pay was enacted.

Continuing now with the increase in this bill, Mr. President, for the O-5 (lieutenant colonel) a 14.5% increase is provided;; for the O-4 (major) 18%; for the O-3 (captain) 23%; for the O-2 (first lieutenant) 25.7%; and for the O-1 (second lieutenant) 19%. These average dollar increases range from \$60 to \$110 a month.

Mr. President, the basic pay rates recommended by the Senate are increased in amounts of \$10 to \$30 monthly over that contained in the House bill for the O-1 (second lieutenant) through the O-5 (lieutenant colonel), with the larger increases placed at points of retention and normal service in these grades. These increases apply to officers in the normal promotion and career pattern.

Mr. President, as a result of the increases in basic pay contained in the bill, the total compensation structure for officers with typical years of service, including basic pay, quarters, and subsistence, will range from \$4,800 a year for the second lieutenant to \$25,488 for the Chief of Staff. The inclusion of hazardous duty pay increases these amounts. These figures, contained on page 16 of the report for each grade, do not include the personal money allowances for those of 3- and 4-star rank.

Increases with over 2 years of service - enlisted

Mr. President, for enlisted personnel with over 2 years of service the average increase would be 15.5%, with the larger increases authorized at the points of retention and normal service. Except for the E-1 recruit, who only receives a 4.8% increase, the average increases by grade range from 11% to 18.2%. The increases vary within the grade, depending on the point of retention. For instance, an E-4 with over 4 years of service receives a 20.6% increase for a total of \$205 monthly basic pay. An E-5 with over 6 years of service receives a 16.7% increase, for a total of \$245 a month basic pay. An E-6, with over 16 years of service, receives a 16.1% increase for a total basic pay of \$325 a month.

Of course, there are other elements of military compensation for which enlisted personnel may be authorized, including allowances for quarters, subsistence, and clothing, and if eligible, proficiency, hazardous duty and certain other pays.

The bill as amended adds \$5 per month to the various pay brackets over that recommended by the House, in the enlisted grades E-4 through E-7, affecting approximately 640,000 people.

Mr. President, for the enlisted grades E-4 through E-9 the enactment of the basic pay increases, together with the present allowances for quarters and subsistence, would provide an annual compensation structure ranging from \$4,092 for the E-4, up to \$7,732 for the E-9 for those with certain designated years of service. The exact amounts for each grade are set forth beginning on page 17 of the Committee Report.

INCREASE IN SPECIAL PAY FOR MEDICAL AND DENTAL OFFICERS

Mr. President, the Senate Committee increased the special pay for medical and dental officers by \$50 a month at the 6-year active duty point, from \$200 to \$250, and by \$100 a month at the 10-year active duty point, from \$250 to \$350. The Committee was of the opinion that the critical retention problem of military physicians and dentists justified this increase, in addition to the basic pay increases contained in the bill.

The Department of Defense, in supporting these additional amounts, noted that the resignation rate of officers who have completed 6 to 8 years of service has been increasing and now varies from 50% to 75% among the military services. The Doctor Draft Law was enacted in 1950 and since that time the Department of Defense has been dependent on the impetus of this legislation for its input of physicians and dentists. Moreover, for the foreseeable future, the military departments will continue to be dependent on the Doctor Draft Law for its physicians and dentists. These are the only professional groups which have been subject to continuous application of this Act.

It is essential for the health of the armed forces that a certain portion of the medical service be composed of career officers in order to provide the experience and continuity necessary for adequate medical and dental care. Following the increase in special pay in 1956, the resignation rate dropped, although in recent years it has increased to its present rate.

The Committee is of the opinion that the recommended increase should serve to make more attractive a military career for medical and dental officers and thereby serve to retain a greater number in active service.

HAZARDOUS DUTY PAY CHANGES

Mr. President, the bill corrects what might be considered certain inequities in the present military compensation system by proposing three amendments to the hazardous duty pay system.

First, entitlement to submarine pay would be broadened by providing that per-

sons who are already qualified for submarine pay may continue to receive such pay when they are assigned as prospective crew members of a submarine being constructed, or when they are undergoing training prior to assignment to the nuclear or advanced types. What is happening today is that qualified submariners are losing their submarine pay during the transition period from the conventional submarines to the nuclear advanced types. The bill would permit this pay to be continued during these transition periods.

The second change relates to the existing provision which prohibits the receipt of than one hazardous duty pay, even though the person may be qualified, and also performs in more than one hazardous duty. The bill would permit not more than two pays where the member is qualified and performs both duties. We have personnel, for instance, who are trained to perform in both underwater demolition and parachute jumping. It should be emphasized that the bill would permit both pays only where the duties are actually being performed.

Third, those who perform inside a high pressure chamber would be authorized to receive the hazardous duty pay now authorized for those in the low pressure chamber operation.

Language in report on increased rank for officers with advanced training

Mr. President, I would like to observe that the report on page 22 contains language which urges the military departments to recognize advanced education in certain specialties for the purpose of commissioning officers in the fields allied with medicine and in other areas in the rank of first lieutenant rather than second lieutenant which is the rank currently being awarded. In the opinion of the Committee doctors of optometry, the other groups in specialties allied to medicine as well as other specialties where advanced degrees have military application should receive recognition for the required advanced education in terms of rank above that of second lieutenant. The military departments presently have the authority to award the temporary rank of first lieutenant for such newly commissioned officers.

FAMILY SEPARATION ALLOWANCE

The bill provides a new element for military compensation which will be known as the family separation allowance. In effect military members in grades E-4 (over 4 years of service) and above, if eligible, will be entitled to an allowance of \$30 a month in addition to any other allowances or per diem they may be entitled to receive. The member must be separated from his dependents on a permanent change of station, or for at least 30 days, if he is on board a ship or on temporary duty and in all cases under circumstances where his dependents are not authorized to accompany him.

The reason for this allowance is because of the added household expenses caused by enforced separation of servicemen from their families when they are absent for any extended period of time. This results in an inequity as compared to our servicemen whose dependents are authorized to accompany them.

It is anticipated that about 100,000 enlisted men and 10,000 officers would be entitled to receive the additional allowance.

The Committee amended the House bill by providing for a flat \$30 a month rate for this allowance. The House formula would have provided a minimum \$30 rate and not to exceed one-third of the quarters allowance without dependents for the member of the rank concerned. The Department of Defense urged the flat \$30 rate which will be much simpler to administer. Furthermore, the great majority of military members would only receive the flat \$30 sum in any case.

NEW CONCEPT FOR FOREIGN DUTY

Mr. President, the Senate Committee recommends a new concept for the payment of foreign duty pay which overcomes the deficiency in the present system which makes no distinction between locations. Existing law now authorizes sea and foreign duty pay ranging from \$8 to \$22.50 a month, depending on the grade concerned, for members who are on sea duty or on duty outside the United States or in Hawaii or in Alaska.

The House amended existing law by deleting the State of Hawaii as one of the eligible locations for foreign duty pay.

The Senate Committee adopts a new approach which makes all foreign duty pay outside the contiguous 48 states and the District of Columbia permissive. Under Presidential Regulations the Secretary of Defense will determine the locations eligible for such pay. The amendment itself does not specify the basis for this determination. It is intended, however, that the Secretary will take into account such factors as undesirable climate, lack of normal community facilities, and the accessibility of the location generally. Under this general concept it would not appear, for instance, that an enlisted member in London, Paris, or Bermuda would qualify. On the other hand, someone on duty in the Antarctic or South Vietnam would obviously qualify.

Mr. President, I would like to observe enlisted men who receive sea pay or who receive foreign duty pay if found eligible under the new criteria would also be entitled to receive the family separation allowance of \$30 a month, which I have previously discussed, if they are also separated from their families and otherwise qualified for this separation allowance.

RETIRED PAY PROVISIONS

Mr. President, I would now like to discuss the manner in which the bill affects retired pay of the various groups involved.

There are several individuals retired under special acts of Congress, all of whom are receiving slightly more than \$20,000 a year in retired pay. The bill as passed by the House provides no increase for these persons and no change is made by the Senate bill. All other members presently retired will receive at least a 5% increase. In addition, those retired prior to 1958 and receiving pay under the current pay laws will be permitted to receive either a 5% increase or recompute their retired pay under the 1958 pay scales, whichever is greater. The specific groups involved are as follows:

5% increase for those receiving pay under laws in effect prior to 1949

Mr. President, there are approximately 33,000 persons retired prior to 1949 who continue to receive retired pay under the laws in effect prior to the Career Compensation Act, which was enacted in 1949. In order to reflect the increase in the cost of living since June 1958 the bill authorizes a flat 5% increase for this category of persons. This group, I might point out, received a 6% increase in 1955 and a 6% increase in 1958.

Group retired after June 1, 1958 and prior to effective date of bill

Mr. President, the bill also provides that those persons retired since June 1, 1958, and prior to the effective date of the bill would receive a 5% increase which reflects the increase in the cost of living since the enactment of the 1958 pay legislation.

Recomputation or 5%, whichever is greater, for those retired prior to June 1, 1958, and receiving pay under the Career Compensation Act of 1949

Mr. President, I would now like to discuss the increases authorized for persons retired prior to June 1, 1958, who are receiving retired pay under the rates of the Career Compensation Act of 1949. The bill provides that this category of personnel will be entitled to a 5% increase or they may recompute their retired pay under the pay scales enacted in 1958 where a greater retired pay would result. The percentage increases for this group will range from 5% to 39% over their present retired pay, with the larger increases accruing to those retiring in the higher officer grades - lieutenant colonel (O-5) through general and former chiefs of staff (O-10). As a result of the increases authorized in the bill, the total annual retired pay would range in typical cases from \$6276 for lieutenant colonel (O-5) to \$16,872 for the former chief of Staff (O-10).

As the Senate may recall, the 1958 Military Pay Act adopted a cost-of-living philosophy for retired pay increases. This legislation provided a 6% cost-of-living increase for all those retired, except for 3 and 4-star rank who received 16% and 26% increases respectively in their retired pay. If recomputation had been continued under the 1958 legislation, the large increases would have accrued to those retired in the higher ranks, but with little or, in some cases, no increases for those retired in the lower ranks. This result would have occurred because of the substantial increases in the 1958 Act in basic pay authorized for the active forces for those in the higher ranks and because of certain changes in the pay system which cut off longevity increases in the lower pay brackets. This bill continues the cost-of-living philosophy of the 1958 Act by authorizing the minimum 5% increase for those who were retired before June 1, 1958. At the same time, Mr. President, the bill authorizes recomputation under the 1958 pay scales for those who would have received increased retired pay had they been permitted to recompute under the 1958 scales. The argument has been made that customarily Congress permitted recomputation in the past and that sufficient notice was not given in 1958 with respect to the change to the cost-of-living system. The bill, therefore, authorizes recomputation as a transition provision to the statutory cost-of-living system I will discuss momentarily.

The point I would like to emphasize, Mr. President, is that with this transition alternative, it is intended that the recomputation method be ended once and for all, and that all increases hereafter be under the automatic cost-of-living system which the bill elsewhere establishes.

The bill as passed by the House would have granted recomputation under the 1958 scales, plus 5% of the recomputed sum for the group involved. The Committee amended this approach to provide for recomputation or 5%, whichever is greater. As I have indicated, under the Senate version, this group would receive from 5% to 39% over present retired pay. Furthermore, when the increases granted in 1958 are considered, the combined increases range from 11% to 74%. The Committee was of the opinion that these increases are amply sufficient to meet the objective of recomputation for the pre-1958 group.

New cost-of-living system

Mr. President, the bill establishes a new concept for increasing retired pay subsequent to retirement. Under the language of this provision, the increases would be granted administratively without future legislation necessary on the part of the Congress.

Whenever the cost of living, as reflected by the Consumer Price Index,

annually at least 3%, the Secretary of Defense will adjust the retired pay of all personnel accordingly to the nearest one-tenth of one percent. All retired personnel will therefore receive the same percentage increases.

President, the cost of living system is the most equitable means of dealing with retired pay increases, since it insures that all retired persons will be assured of equal percentage increases. The principal purpose of military pay legislation must be to meet the needs of the active forces which may necessitate varying increases for those on the active list in order to meet the personnel problems of this complex military age. Under the circumstances, the most equitable means of assuring proper increases for all on the retired list is the cost-of-living system established in this bill.

President, implicit in the cost-of-living approach is the promise that a person's retired pay will be initially computed on the rates of pay in effect when he is initially retired, with subsequent adjustments based on cost-of-living increases. We will, therefore, have people of the same rank and service with different rates of pay. For instance, we already have different rates for those retired prior to 1949, for those retired before 1958, for those retired after 1958, and for those who will be retired under the 1963 rates.

MINOR FEATURES

President, my remarks have dealt with the principal features of the bill as well as with a number of the changes recommended by the Senate Committee. I will not take the time of the Senate to discuss in detail the other features of the amended bill, which are covered in detail in the report. One item that should be mentioned is the deletion by the Senate Committee of the increases in subsistence allowances recommended by the House. Upon the recommendation of the Department of Defense the Committee deleted all the increases in subsistence allowances, pending a further study of the whole system of subsistence by the Department of Defense. Aside from the matter of increases there are certain inherent problems in the present subsistence system. The Department plans to complete this report next year and this may well result in legislative recommendations to the Congress on the matter of changes in the subsistence allowances.

OBSERVATION ON OTHER MATTERS RELATING TO RETENTION

Mr. President, I would like to point out that adequate military compensation is vital and must be reasonably increased from time to time in the interest of maintaining our armed forces and in fairness to the men and women involved. At the same time military pay as a single element will not maintain our armed forces at their highest quality. Our armed forces today are large and constitute the most complex operation in their history. This state of affairs makes for the greatest challenge in proper personnel management. I would like to mention several problems which are matters of a continuing challenge.

First, there is the necessity of our young officers being given ample responsibility for their rank in order for them to make a full contribution in accordance with their talents.

Second, we should make sure that those in the middle ranks are given full responsibility for the grade and that promotions are awarded for the prime purpose of increased responsibility and not for increased pay.

Third, Mr. President, there is the matter of early retirement. Today, in many cases, the services are losing officers at the peak of their ability and experience, with officers retiring with between 20 and 30 years of service. The prospect of retirement in their late 40s and early 50s is causing concern among many of our career officers.

Mr. President, I mention these items merely to indicate that military pay is only one of the important elements for the retention of career men and women in our armed forces.

ADEQUACY OF THE BILL

Mr. President, the adequacy of any pay legislation, military or otherwise, is always a matter of judgment. There will always be some who will feel that whatever increase is granted is not sufficient.

The point I wish to emphasize is that in the opinion of the Committee this bill, with its increases in basic pay and other changes, should meet the objective of attracting and retaining career personnel in sufficient numbers and quality for our forces. Mr. President, the need for this legislation is urgent and I urge its prompt passage by the Senate.